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Means of implementation for sustainable forest management and forest law enforcement and governance at all levels

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Report of the Secretary-General

Summary

The means of implementation and forest law enforcement and governance are particularly dynamic areas of sustainable forest management. The growing number of initiatives and stakeholders involved in both issues at all levels has created complex landscapes with limited international coordination or coherence.

The present report provides an overview of activities and initiatives related to both issues. First, in terms of forest financing, the report reviews the main developments since the tenth session of the United Nations Forum on Forests, including the activities of the facilitative process of the Forum. It also provides an overview of proposals on financing forests and the institutions of the international arrangement on forests of the future. Secondly, the report summarizes key initiatives with regard to forest law enforcement and governance over the past 15 years.

The report has been prepared to facilitate the deliberations of the Forum on item 4 of the provisional agenda of the eleventh session of the Forum on the means of implementation for sustainable forest management and forest law enforcement and governance at all levels.

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I. Introduction

1. According to the multi-year programme of work of the United Nations Forum on Forests for the period 2007-2015, adopted at its seventh session, in 2007 (see E/2007/42-E/CN.18/2007/8 and Corr.1, resolution 7/1), the means of implementation for sustainable forest management and forest law enforcement and governance at all levels are recurring, cross-cutting issues for each session. At its tenth session, the Forum approved the provisional agenda for its eleventh session, in which, it included a specific agenda item on the means of implementation for sustainable forest management and forest law enforcement and governance at all levels (see E/2013/42-E/CN.18/2013/18, chap. I, sect. A).

2. The present report has been prepared to facilitate the deliberations of the Forum, at its eleventh session, on item 4 of the provisional agenda, and to inform the Forum of intersessional activities on forest financing, including the work of the facilitative process and the outcomes of the review of the international arrangement on forests relating to the means of implementation.

3. The first section of the report provides an overview of proposals on financing forests and proposals for a financing architecture for the future of the international arrangement on forests.

4. The second section summarizes the key initiatives carried out to promote forest law enforcement and governance over the past 15 years, along with relevant decisions of the Forum.

5. The recommendations and key action points on those issues are included in the report of the Secretary-General on reviewing the effectiveness of the international arrangement on forests and consideration of all future options, including the conclusions and recommendations therein (E/CN.18/2015/2), for the consideration of the Forum in its decision on the future of the international arrangement on forests.

II. Background

6. On 30 October 2009, at the special session of its ninth session, the Forum adopted a resolution on the means of implementation for sustainable forest management, in which it decided to establish a facilitative process (see E/2009/118-E/CN.18/SS/2009/2, chap. I, sect. B). The facilitative process was established in 2009 with eight functions and an additional two were added by the Forum at its ninth session (see E/2011/42-E/CN.18/2011/20, chap. I, sect. B).

7. The Open-ended Intergovernmental Ad Hoc Expert Group on Forest Financing, established through the resolution adopted at the special session of the ninth session of the Forum, made proposals to the Forum at its tenth session on strategies to mobilize resources from all sources to support the implementation of sustainable forest management, the achievement of the global objectives on forests and the implementation of the non-legally binding instrument on all types of forests (see General Assembly resolution 62/98, annex).

8. At its tenth session, held in Istanbul, Turkey from 8 to 19 April 2013, the Forum agreed on a resolution that contained several actions at all levels to mobilize financing for forests (see E/2013/42-E/CN.18/2013/18, chap. I, sect. B, resolution 10/2). Among the actions listed, the Forum decided at the national level, to

incorporate, inter alia, national forest financing strategies into national forest programmes; at the regional level, to continue facilitating regional and other processes in support of the implementation of the instrument; and at the international level, to invite the Global Environment Facility (GEF) to improve and simplify access to its current and potential funding for sustainable forest management, and to consider establishing a dedicated focal area to fund forests.

9. The Forum also decided to consider, as an integral element of the overall review of the international arrangement on forests, a full range of financing options and strategies, including the establishment of a voluntary global forest fund, in order to mobilize resources from all sources in support of sustainable forest management for all types of forests and trees outside forests.

10. Since the tenth session of the Forum, there have been a number of important developments in the context of global forest financing, as described in section III of the present report.

III. Report on the work of the United Nations Forum on Forests on the means of implementation

A. Key developments related to the means of implementation since the tenth session of the Forum

11. Since the tenth session of the Forum, held in April 2013, the global forest financing landscape has continued to evolve at a rapid pace. At the Global Environment Facility, in the incentive mechanism for sustainable forest management and for reducing emissions from deforestation and forest degradation in developing countries and the role of conservation, sustainable management of forests and enhancement of forest carbon stocks in developing countries (REDD-plus) created for the fifth replenishment period of the Facility, in 2010, over $700 million was allocated to support forest-related activities. Support for forests continued in the sixth replenishment of the Facility, in 2014, with the sustainable forest management strategy. While still operating as an incentive mechanism, with a $250 million endowment, the sustainable forest management strategy for the sixth replenishment period of the Facility (2014-2018) includes all seven thematic elements of sustainable forest management as adopted by the Forum.

12. The sixth replenishment of the Facility includes four broad objectives: maintaining forest resources; managing forest resources; restoring forest resources; and enhancing regional and global cooperation. In particular, it aims to make access to GEF financing easier for countries with small allocations, such as small island developing States and the least developed countries, while contributing to closing existing financing gaps, notably for low-forest-cover countries.

13. The development of a specific incentive mechanism for sustainable forest management as part of the sixth replenishment of GEF is an important and positive step towards establishing a dedicated focal area for sustainable forest management within the Facility, as called for in resolution 10/2 of the Forum.

14. As part of the negotiations on the United Nations Framework Convention on Climate Change, discussions on a future REDD-plus mechanism also made progress. At the nineteenth session of the Conference of the Parties to the United

Nations Framework Convention on Climate Change, held in Warsaw in November 2013, an important agreement was reached that further defines REDD-plus, known as the Warsaw Framework for REDD-plus. Parties notably agreed to remunerating developing countries based on results proven by monitoring, reporting and verification, and in this regard, the agreed text encourages the creation of national monitoring mechanisms. Moreover, the agreement also included a number of important environmental and human rights safeguards (see FCCC/CP/2013/10 and Add.1). During the Conference, Norway, the United Kingdom of Great Britain and Northern Ireland and the United States of America collectively pledged $280 million to REDD-plus.

15. At the same time, the variety of climate finance mechanisms has increased to include nationally appropriate mitigation actions, the Adaptation Fund and the Green Climate Fund, among others. Current figures suggest that financial support for REDD-plus may have peaked already,[1] but pledges and commitments to other mechanisms are increasing. At the twentieth session of the Conference of the Parties to the United Nations Framework Convention on Climate Change, held in Lima in December 2014, Australia, Austria, Belgium, Colombia, Norway and Peru made additional pledges to the Green Climate Fund, which has now been endowed with over $10 billion in disbursements, commitments and pledges. Likewise, Germany made a pledge of $68 million to the Adaptation Fund.

16. Following the nineteenth session of the Conference of the Parties, in November 2013, the Standing Committee on Finance of the United Nations Framework Convention on Climate Change decided to consider at its third forum, in 2015, the issue of financing for forests, and in this respect called for substantive inputs and partnership proposals on the topic.

17. According to the Overseas Development Institute and the Heinrich Böll Foundation, from January 2008 to September 2014, financial resources for the United Nations Collaborative Programme on Reducing Emissions from Deforestation and Forest Degradation in Developing Countries (UN-REDD) totalled $215 million, of which $186 million (87 per cent) has been disbursed. The Forest Carbon Partnership Facility has raised $258 million, of which $31 million (12 per cent) has been disbursed. At the end of 2014, the two programmes had a total of $256 million in non-allocated/undisbursed funds accumulated over a period of six years.[2] The lack of use of those resources highlights the significance of enhancing the capacity of countries to access such funds.

18. The thematic programme on reducing deforestation and forest degradation and enhancing environmental services in tropical forests (REDDES programme) of the International Tropical Timber Organization takes a different approach by focusing on the expansion of sustainably managed areas, including the restoration of degraded secondary forests and the rehabilitation of degraded forest lands. To this day, the programme has received $9.5 million from donors to implement 29 projects and practically all the funds have been allocated. In the present situation, no calls for proposals can be launched, owing to the lack of funds.[3]

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[1] Figures extracted from the Voluntary REDD+ Database. Available from www.fao.org/forestry/vrd/#graphs_and_stats.

[2] Further information available from www.climatefundsupdate.org/data.

[3] Further information available from http://www.itto.int/thematic_programme_general.

19. Within discussions on the post-2015 development agenda of the United Nations, the Intergovernmental Committee of Experts on Sustainable Development Financing issued recommendations relevant to the means of implementation for sustainable forest management. The secretariat of the Forum provided input to the Committee by sharing the findings of the 2012 study on forest financing of the Advisory Group on Finance of the Collaborative Partnership on Forests.[4] The Committee identified the need to consider all sources of financing for sustainable development, including domestic and international, public and private, and blended and innovative sources of financing. It recommended, inter alia, ensuring country ownership and leadership in developing financing strategies, making use of all financing flows in a holistic way and exploiting the synergies across the economic, environmental and social dimensions of sustainable development (see A/69/315). The report of the Committee, along with other relevant inputs, will provide background materials for the third International Conference on Financing for Development, to be held in Addis Ababa, in July 2015.

20. Forest finance also holds a prominent position in the proposed sustainable development goals. In its proposal, the Open Working Group on Sustainable Development Goals agreed to include a target on means of implementation under goal 15, which addresses sustainable forest management, to "mobilize significant resources from all sources and at all levels to finance sustainable forest management and provide adequate incentives to developing countries to advance such management, including for conservation and reforestation" (see A/68/970 and Corr.1).

21. The presence of a proposed target on forest finance specifically, in addition to proposed targets with implications for sustainable forest management such as on financing climate change, under goal 13, and on terrestrial ecosystems, under goal 15, is a clear indication of the recognition by Member States of the importance of sustainable forest management financing as a building block of sustainable development and of the post-2015 development agenda.

B. Performance of the facilitative process

1. Activities and outputs

22. The facilitative process of the Forum has also continued to assist developing countries to mobilize financing for forests. The process was designed as an advisory process rather than a funding mechanism, to work in partnership with countries and with financing and funding processes. Since its inception, it has implemented three projects, with the organization of 11 workshops and the participation of more than 110 countries and 14 international organizations and donors.

23. The first two projects focused on (a) financing sustainable forest management in small island developing States and low-forest-cover countries, with funding from the Global Environment Facility and the Department for International Development of the United Kingdom; and (b) financing sustainable forest management in Africa and the least developed countries, with support from the Government of Germany. Both were completed during the most recent intersessional period.

24. In particular, two workshops were held as part of the above-mentioned projects:

[4] Available from http://unff-fp.un.org/wp-content/uploads/2013/08/AGF_Study_July_2012.pdf.

(a) A workshop on a common forest financing strategy in small island developing States, low-forest-cover countries, Africa and the least developed countries, held in Addis Ababa from 3 to 5 June 2013. The resulting common forest financing strategy lays the basis for the future work of the facilitative process in assisting countries in developing national forest financing strategies and, eventually, in assisting in developing specific programmes and designing projects to implement the instrument;

(b) A workshop on online media literacy and grant applications, held in New York from 8 to 12 September 2014. The workshop highlighted the need for further assistance in building capacities to harness forest financing more effectively.

25. A wide range of written outputs was produced, including reports on the workshops, a set of policy briefs summarizing the main findings, a substantive paper on forest financing in small island developing States and low-forest-cover countries and a peer-reviewed article to be published in the *International Forestry Review*. The project on small island developing States and low-forest-cover countries produced four short pedagogical films highlighting grass-roots and cross-sectoral examples of forest financing in small island developing States and low-forest-cover countries, in collaboration with the Department of Public Information.

26. Finally, an interactive website was developed for the facilitative process. The site serves as a repository for all documents resulting from the Forum's projects on forest financing and also links to all available sources of information on forest financing. In addition, the website contains an interactive component enabling forest finance stakeholders to upload their own information and databases and advertise events.[5]

27. Regarding the third project, the Forum secretariat secured funding from the eighth tranche of the Development Account for a project aimed at harnessing climate change financing for sustainable forest management. The sharp growth in international financial commitments to mitigate and adapt to climate change represents a major opportunity for forest financing, especially as much of this funding can also contribute significantly towards implementing sustainable forest management.

28. The project addresses the mandate of the facilitative process as regards examining "the implications on broader forest financing of new and emerging forest-related financing initiatives relating to the three Rio Conventions" (see E/2011/42-E/CN.18/2011/20, chap. I, sect. B, para. 34). In doing so, it attempts to bridge two parallel sets of intergovernmental processes, namely, discussions on forest financing within the Forum and those on climate financing in the context of the Conference of the Parties to the United Nations Framework Convention on Climate Change.

29. Within this project, the Forum secretariat partnered with three subregional organizations, namely, the Economic Cooperation Organization, the Southern African Development Community (SADC) and the Secretariat of the Pacific Community. It works primarily at the subregional level, thus contributing towards fulfilling the mandate of the Forum on regional cooperation, as stated in the resolutions of the ninth and tenth sessions of the Forum.

30. The project, which is currently being implemented, was launched with the commissioning of four studies on existing and potential sources of climate financing for sustainable forest management, one at the global level, one in the subregion of the Economic Cooperation Organization, one in the subregion of SADC and one in

[5] See http://unff-fp.un.org.

the subregion of the Secretariat of the Pacific Community. The studies were followed by the organization of one workshop in each subregion, leading to the endorsement of key action points that formed the basis of subregional strategies to harness climate financing for sustainable forest management, which have since been developed and are currently being implemented.

31. Three workshops have taken place under the climate financing project funded by the Development Account:

(a) A workshop on harnessing climate financing for forests in the subregion of the Economic Cooperation Organization, co-organized by the Forum and the Economic Cooperation Organization, held in Tehran from 29 April to 1 May 2014;

(b) A workshop on harnessing climate financing for forests in the subregion of SADC, co-organized by the Forum and SADC, held in Johannesburg, South Africa, from 7 to 9 October 2014;

(c) A workshop on harnessing climate financing for forests in the subregion of the Secretariat of the Pacific Community, co-organized by the Forum and the Secretariat of the Pacific Community, held in Suva from 28 to 30 October 2014.

32. Among the many key action points adopted in the three workshops, Economic Cooperation Organization member States have called for the preparation of a subregional project proposal, to be funded by multilateral financing institutions, and member States of SADC and the Secretariat of the Pacific Community both requested assistance from the Forum secretariat in building capacity to apply for international funding for sustainable forest management, whether from the climate change financing sector or other sources. The results of the workshop in the Economic Cooperation Organization subregion were highlighted in General Assembly resolution 69/111 as an important area of further cooperation between the United Nations and the Economic Cooperation Organization.

33. In line with the Forum's consistent calls for further cooperation with partners on forest financing (see E/2011/42-E/CN.18/2011/20, chap. I, sect. B, para. 34), in particular the secretariats of the Convention on Biological Diversity, of the United Nations Convention to Combat Desertification in Those Countries Experiencing Serious Drought and/or Desertification, Particularly in Africa and of the United Nations Framework Convention on Climate Change (Rio Conventions), the Forum secretariat has initiated many requests to enhance such cooperation. This included a request to collaborate with the secretariat of the United Nations Framework Convention on Climate Change for a project on harnessing climate financing for sustainable forest management and a request to cooperate with the Standing Committee on Finance of the United Nations Framework Convention on Climate Change, whose third forum will focus on forest finance. To enable greater success in promoting such collaboration in the future, it is imperative for countries to ensure the necessary coordination and consistent messaging among their participating representatives in the meetings of the Conference of the Parties to the United Nations Framework Convention on Climate Change and in the sessions of the United Nations Forum on Forests.

34. The outputs of the three projects implemented by the facilitative process during the most recent intersessional period point towards a set of six conclusions:

(a) Barriers to forest financing exist at all levels. While on the one hand, levels of financing remain insufficient, on the other, even existing official development assistance (ODA) fails to get allocated to forest financing, mainly as a result of the limited absorptive capacity of many developing countries;

(b) A holistic approach is crucial to understanding and increasing forest financing. Financing landscapes are highly complex. In particular, the multiple values of forests can be enhanced through appropriate instruments, and in certain circumstances, sources from outside the sector can be critical in supporting sustainable forest management;

(c) Forest financing needs to be approached at three levels: (i) at the national level, there is no "one-size-fits-all" approach and each country has its own specific financing landscape, (ii) at the regional level, there remains a useful opportunity for exchanging experiences and learning best practices, and (iii) at the international level, tremendous potential exists to seek global cooperation that is beneficial to all countries;

(d) The private sector represents an untapped opportunity. Private financing holds enormous potential but is generally drawn to activities that maximize economic profit, which may or may not coincide with sustainable forest management priorities. Public financing could play a key leveraging role, but monitoring systems should be implemented to ensure that private sources are truly conducive to sustainable forest management;

(e) Capacity-building has been identified time and again as a bottom-up approach to addressing the lack of absorptive capacity, especially in two areas: (i) identifying and harnessing financing by preparing bankable funding proposals, and (ii) enhancing national focal point capacity, particularly in terms of the ability to reach out to other relevant governance entities;

(f) Forest financing strategies have been repeatedly identified as a potential solution in enhancing coordination at the national and regional levels to harness sustainable forest management financing. A forest financing strategy, whether national or regional, sets forth a set of realistic actions needed to improve and increase sustainable forest management financing and allocates deadlines and responsibilities to each action.

2. Assessment of the impact of the facilitative process

35. In just over five years, the facilitative process has produced a wealth of results and shown significant potential for development. It has enabled a clearer understanding of the forest financing landscape, its complexity, the multiplicity of sources and the unequal allocation of funds, both geographically and in terms of the thematic elements of sustainable forest management.

36. The focus on small island developing States, low-forest-cover countries, Africa and the least developed countries has increased awareness of forest financing needs in those countries, both at the national level and among international donors. As reported by the Global Environment Facility, the second workshop on forest financing in small island developing States, co-organized by the Forum secretariat and the Economic and Social Commission for Asia and the Pacific, in Nadi, Fiji, from 23 to 27 July 2012, facilitated the creation of a set of interlinked projects funded by the Facility, known as the "Ridge to Reef" programme. The programme,

which brings together 14 Pacific small island developing States, has received $90 million from the Facility and another $333 million from co-financing sources.[6]

37. The inputs derived from the intersessional activities on the future of the international arrangement on forests all voiced their support for continuing to strengthen the facilitative process so as to realize its full potential. This includes developing the process into a catalytic mechanism, modifying its functions to be more goal- and practice-oriented, and strengthening it to assist countries in overcoming forest financing obstacles and taking advantage of existing opportunities.

38. In the views and proposals submitted on the international arrangement on forests to the Forum by member States, the facilitative process met with positive reviews from both developed and developing countries.

39. The outcomes of the first meeting of the Open-ended Intergovernmental Ad Hoc Expert Group on the International Arrangement on Forests include suggestions on turning the facilitative process into a "voluntary global forest mechanism", possibly with regional offices. It also suggests considering setting up a unit within the Forum secretariat mandated to oversee an enhanced facilitative process (see E/CN.18/2015/10, annex).

40. The facilitative process was also positively reviewed in the report of the team of independent consultants on the independent assessment of the international arrangement on forests, which identified the process as a key achievement of the international arrangement on forests in its current form.[7] Likewise, participants in the workshop hosted by China, in Beijing, from 29 to 31 October 2014 (see E/CN.18/2015/9), also recognized the positive contributions of the facilitative process, making the following concrete suggestions for its further improvement:

(a) Providing a clearing house to identify available sources of funding and assisting countries in connecting with potential funding sources, including information about existing clearing-house operations in other parts of the United Nations;

(b) Encouraging South-South cooperation, North-South cooperation and triangular partnerships;

(c) Creating a process at the regional level for step-by-step development of regional funding and/or regional forest funds;

(d) Encouraging the private sector to play a greater role in interconnected sectors through a landscape management approach, as well as through public-private partnerships and corporate social responsibility initiatives.

41. At its second meeting, the Expert Group also suggested that the facilitative process could advise and assist countries in developing short-, medium- and long-term financing strategies for implementing sustainable forest management, the non-legally binding instrument on all types of forests and the global objectives on forests; accessing financing from a range of sources; attracting investment, including improving enabling environments; brokering funding and connecting with potential technical cooperation partners; overcoming financing obstacles;

[6] Further information on the "Ridge to Reef" programme is available from www.thegef.org/gef/node/10726.

[7] The report on the independent assessment of the international arrangement on forests is available from www.un.org/esa/forests.

encouraging South-South, North-South and triangular cooperation; and encouraging the private sector to play a greater role (see E/CN.18/2015/11).

42. In spite of such enthusiasm, it should be noted that in order to perform its mandate, the facilitative process relies entirely on sporadic and voluntary financial contributions. The level of funding provided to the facilitative process (which has not exceeded $3.6 million since its creation in 2009) has been in no way sufficient to allow it to perform the functions originally assigned to the process in the resolution of the special session of the ninth session of the Forum and those further assigned to it at the ninth session of the Forum (see para. 6). Both financial and human resources therefore act as a major bottleneck for the outputs of the facilitative process.

43. Stronger performance of the facilitative process will ultimately depend on the provision of sufficient extrabudgetary resources. In addition, the Forum secretariat, which is responsible for running the facilitative process, should be strengthened with additional human and budgetary resources from the regular budget of the United Nations, as emphasized in the first and second meetings of the Expert Group and in the report on the independent assessment of the international arrangement on forests.

IV. Means of implementation as an integral part of the future of the international arrangement on forests: the way forward

44. According to resolution 10/2, adopted at the tenth session of the Forum, financing sustainable forest management should be an integral part of the decision of the eleventh session of the Forum on the future of the international arrangement on forests. In devising a successful and efficient future for the international arrangement on forests, it is important to emphasize that the financing dimension has two key components, namely, financing sustainable forest management and funding the institutions of the international arrangement on forests, in the future.

45. Responsibility for financing the institutions of the international arrangement on forests in the future lies with members of the Forum, bearing in mind that financing sustainable forest management goes beyond the international arrangement on forests and involves engagement with a broader set of players, who are not necessarily part of the international arrangement on forests as currently established. The Forum, at its eleventh session, should therefore address both of those aspects in a resolution. In particular, it should be ensured that the institutions of the international arrangement on forests in the future are provided with the necessary resources for their effective functioning, including for sessions of the Forum, the participation of members, intersessional activities and for the work of related committees and standing institutions such as the Forum secretariat and the Forum Trust Fund.

A. Financing sustainable forest management

46. The forest financing landscape is a complex one, with a wide range of organizations already working on increasing levels of funding for sustainable forest management worldwide. Financing sustainable forest management is a collective responsibility that requires broad participation. Addressing the challenge of financing sustainable forest management requires the active participation of all Governments, relevant processes, the secretariats of conventions, international,

regional and national organizations, as well as the private sector, civil society and philanthropic foundations.

47. Voluntary national reports submitted for the eleventh session of the Forum illustrate the considerable variety of existing funding sources and mechanisms, including national budget allocation, national, regional and international funds, levies and taxes of different kinds, official development assistance and foreign direct investments, including from pension funds and other investors, all the way to cutting-edge mechanisms such as REDD-plus and payments for ecosystem services. In this regard, all potential sources of financing for forests have to be utilized and considered in mobilizing resources for sustainable forest management.

48. The summary of the first meeting of the Expert Group and the report on the independent assessment of the international arrangement on forests both call for an integrated approach to the Forum's work on forest financing, taking into account all existing and potential sources of financing for sustainable forest management. Both call for renewed efforts to address all sources of finance, including official development assistance, multilateral and bilateral assistance, REDD-plus, the Green Climate Fund, the private sector and national forest funds, as well as the global forest fund, if established, including through the better use of existing funds, as well as capacity-building, technical assistance and technology transfer.

49. The independent assessment suggests integrating the REDD-plus mechanism and the development of forest-based nationally appropriate mitigation actions into this approach as policy instruments that deliver innovative funding technologies and capacity-building to conserve and sustainably manage forests in all countries.

50. In this regard and as highlighted in the report on the independent assessment of the international arrangement on forests, the Forum could continue working with all States members of the Forum and all key players, within and outside of the Forum, to improve the geographical distribution of forest financing, particularly official development assistance.

51. The Forum could further collaborate with member States and regional organizations in the establishment of national and/or regional forest financing strategies. With its mandate to develop such strategies, its holistic and cross-sectoral approach that takes account of the complexity and diversity of forest financing landscapes and the Forum's long-standing experience in providing policy advice, the facilitative process stands in a privileged position to address this area of work.

52. The Forum could also develop its capacity-building activities with member States and regional organizations in order to harness forest financing more effectively. The first workshop on online media literacy and grant applications highlighted not only the need for such workshops but also the demand from member States for acquiring the necessary skills in securing additional official development assistance, concessional loans and innovative mechanisms, among other sources of international public finance. Such collaboration with member States could also be extended to building capacity and improving enabling conditions to access private finance.

53. The two measures proposed above (assisting in establishing forest financing strategies and supporting capacity-building activities) are complementary and synergistic, addressing the issue from both ends of the spectrum by promoting coherent and informed policies on the one hand and by providing necessary skills at the level of experts and technical staff, on the other.

B. Financing the international arrangement on forests

54. Many suggestions have been put forward regarding financing the international arrangement on forests in the future, including the establishment of a voluntary global forest fund, linked to the sustainable forest management-related needs of developing countries, under the aegis of the Forum (see, for example, Forum resolution 10/2). The report on the independent assessment of the international arrangement also contains many suggestions on both of these aspects. In order to address those issues, the report recommends the establishment of trust funds to address three key elements related to financing sustainable forest management and funding institutions of the international arrangement on forests, namely, supporting the functioning of the Forum, supporting the planning and implementation of the strategic plan of the Forum and catalysing the implementation of the instrument at both the national and regional levels. For practical reasons, it is important to separate the resources for funding the institutions of the international arrangement on forests from the funds allocated to implementing sustainable forest management.

55. If member States at the eleventh session of the Forum agree with the suggestion outlined above, a strategic trust fund could be established and tailored to the needs of the international arrangement on forests and could address, to some extent, the financing needs of both the institutions of the international arrangement on forests in the future and of sustainable forest management more broadly. It would need to be sufficiently flexible to accommodate contributions from a wide variety of sources, as suggested at the second meeting of the Expert Group. The resources of the strategic trust fund could be allocated by the Forum on matters related to implementing and financing the instrument, through the facilitative process.

56. Looking ahead, it is also necessary to place the facilitative process within broader discussions on forest financing in the context of the future of the international arrangement on forests. In this regard, the resources of the strategic trust fund for implementing the instrument could be channelled, in particular through the facilitative process, for areas of work such as:

(a) Building capacity and transferring technology under mutually agreed terms;

(b) Developing financing strategies for sustainable forest management, as well as national action plans for implementing the instrument and preparing relevant national reports on the implementation progress;

(c) Providing assistance to member States in designing projects and programmes aimed at implementing the instrument by accessing existing funds, in particular those of financial institutions, such as the Global Environment Facility, the Green Climate Fund and regional development banks, in accordance with their criteria;

(d) Advancing collaboration among regional and thematic groups of countries, such as small island developing States, low-forest-cover-countries and African countries in accessing financing for sustainable forest management;

(e) Assisting member States in designing projects and programmes on sustainable forest management and assisting them in securing financial resources for their implementation.

V. Forest law enforcement and governance

A. Forest law enforcement and governance and the Forum

57. At its seventh session, in 2007, the Forum decided that forest law enforcement and governance would be a cross-cutting issue considered at each session, alongside the means of implementation. The Forum further decided that member States should review and, as needed, improve forest-related legislation, strengthen forest law enforcement and promote good governance at all levels in order to support sustainable forest management, so as to create an enabling environment for forest investment and to combat and eradicate illegal practices according to national legislation, in the forest sector and other related sectors (see E/2007/42-E/CN.18/2007/8 and Corr.1, see also General Assembly resolution 62/98).

58. Also at its seventh session, the Forum decided that member States should strengthen the capacity of countries to address forest-related illegal practices, including wildlife poaching, according to domestic legislation, through enhanced public awareness, education, institutional capacity-building, technology transfer and technical cooperation, law enforcement and information networks (see E/2007/42-E/CN.18/2007/8 and Corr.1, see also General Assembly resolution 62/98).

59. At its ninth session, in 2011, the Forum invited member States, members of the Collaborative Partnership on Forests and other relevant stakeholders to explore, develop and improve an enabling policy environment to strengthen forest law enforcement and governance, attract long-term investment and finance in sustainable forest management, clarify and strengthen the security of tenure rights and enhance the fair and equitable sharing of benefits and responsibilities with indigenous peoples and local communities whose livelihoods depend directly on forests (see E/2011/42-E/CN.18/2011/20, chap. I, sect. B).

60. The 2012 study on forest financing of the Advisory Group on Finance[4] highlighted the importance of good forest governance and law enforcement in relation to forest finance, particularly in decreasing risk, thus making the forest sector more attractive to investments by the private sector.

61. At its tenth session, in 2013, the Forum invited member States, the donor community and other relevant stakeholders, as appropriate, to review and improve forest-related legislation, strengthen forest law enforcement and promote good governance at all levels in order to support sustainable forest management, to create an enabling environment for forest investment and to combat and eradicate illegal practices, as well as to promote secure land tenure, in accordance with national legislation, policies and priorities (see E/2013/42-E/CN.18/2013/18, chap. I, sect. B, resolution 10/2).

B. Additional national, regional and international activities

62. A wide range of activities has taken place at the national, regional and international levels with regard to forest law enforcement and governance.

63. In the early 2000s, several regions decided to take action to curb illegal logging, which is regarded as a primary cause of environmental degradation and represents an important loss of national revenue. East Asia was the first to organize

a ministerial conference on forest law enforcement and governance, held in Bali, Indonesia, in 2001, resulting in the first-ever declaration on elaborating measures to combat illegal logging. In 2003, a similar summit was held for Africa, in Yaoundé, and in 2005, in St. Petersburg, Russian Federation, for Europe and North Asia.[8]

64. Also in the early part of that decade, the European Union adopted an Action Plan for Forest Law Enforcement, Governance and Trade, drawing on lessons learned from regional forest law enforcement and governance processes and incorporating the special circumstances of the European Union as a consumer region of tropical timber, hence the emphasis on trade. The Action Plan focuses on preventing the illegal import of timber into the European Union, improving the supply of timber and increasing the demand for timber from sustainably managed forests.

65. The Action Plan was strengthened with the creation of bilateral voluntary partnership agreements between the European Union and individual producer countries. These legally-binding trade agreements aim to ensure that timber products exported to the European Union come from legal sources, and contain a set of stringent monitoring measures, ensuring a watertight system for preventing illegally produced forest products from reaching the European Union. At the time of writing, six countries had signed voluntary partnership agreements with the European Union, while another nine were in negotiations for such agreements.

66. The European Union has also partnered with the non-governmental organization TRAFFIC International to catalyse initiatives to control the origin of timber and improve forest management in four countries in Latin America, namely, Brazil, Colombia, Ecuador and Peru, in a bid to bring timber trade into line with the objectives of the Action Plan. In particular, this project aims at increasing knowledge of forest law enforcement, governance and trade in South America and establishing a benchmark against which to measure changes in forest governance.[9]

67. In the United States, the Lacey Act, originally enacted in 1900, was the country's first major wildlife protection statute. Until recently, the Act contained only limited restrictions on trade in illegally sourced plants and plant products, but in 2008, the United States Congress amended the Lacey Act, making it unlawful to traffic in plants or plant products taken in violation of any laws of the United States or of state, tribal or foreign governments, that are intended to protect plants.

68. Under the Lacey Act as amended in 2008, importers of plants and plant products are required to file a declaration upon importation identifying specific information about the plant or plant product being imported. Enforcement of the declaration requirement is being phased in by the Government of the United States and currently applies to certain specified types of wood products.

69. The Lacey Act has long been known to be a reliable and successful instrument to combat illegal wildlife trade. Along with the Action Plan for Forest Law Enforcement, Governance and Trade of the European Union, the Lacey Act has been hailed as a major step towards combating illegal logging, both in developing and developed countries.

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[8] Much of the data in section V.B. of the present report was provided by the Forest Legality Alliance, an initiative of the World Resources Institute and the Environmental Investigation Agency (see www.forestlegality.org/).

[9] For further information, see https://ec.europa.eu/europeaid/regions/latin-america/flegt_en.

70. In November 2012, Australia's Illegal Logging Prohibition Act received Royal Assent, enabling its immediate implementation. The Act is aimed at preventing the import of illegally harvested timber products, but also at banning the processing in Australia of illegally logged timber. Unlike the Lacey Act, it stipulates that Australian operators may not knowingly, intentionally or recklessly engage in importing or processing illegally logged timber products.

71. Developed countries are not the only ones to have taken unilateral or bilateral action against illegal logging. Voluntary national reports for the eleventh session of the Forum show that a wide range of countries have developed and implemented legislation since 2007 to further combat the illegal trafficking of forest products. Many have reported on new or amended public procurement policies, including in Georgia, Ghana and Jamaica, while others have tightened the monitoring and verification of chains of custody and tracking systems of forest products, including in Liberia, Papua New Guinea and the Philippines. Others have imposed a complete ban on log exports, both as a means of encouraging timber processing and in a bid to stem the export of illegally processed timber.

72. At the bilateral level, in 2011, China and Japan signed a memorandum on combating illegal logging and associated trade for sustainable forest management. Both Governments agreed to make efforts to develop a system for verifying the legality of timber products that are domestically harvested, processed and distributed, as well as imported and exported.

73. At the subregional level, Kenya, Uganda and the United Republic of Tanzania established the East Africa Initiative on Illegal Timber Trade and REDD-plus in June 2014, an innovative cross-border mechanism supported by Norway, which will be implemented in collaboration with the International Criminal Police Organization (INTERPOL), the Food and Agriculture Organization of the United Nations, the United Nations Development Programme, the United Nations Environment Programme and the United Nations Office on Drugs and Crime.

74. A set of five country-led initiatives in support of the United Nations Forum on Forests, held between 2004 and 2015 and co-organized by Indonesia, Mexico, South Africa, Switzerland and Ukraine, have highlighted the progress made and the gaps and challenges remaining in terms of forest governance and decentralization in each region of the world.[10]

75. While each country-led initiative focused on a specific aspect of forest governance (such as decentralization, REDD-plus, the green economy and the future of the international arrangement on forests), all of them pointed to the same lesson: the ubiquity of problems in translating international agreements into action at the national level, while ensuring knowledge and value in multi-level governance. Each level of forest governance (local, national, regional or international) is increasingly fragmented and comes with its own set of stakeholders, yet each level influences the others in a variety of ways, notably through interlinked institutions and the spread of ideas and of financial resources.

76. Progress has also been made at the international level. In March 2012, INTERPOL hosted the first International Chiefs of Environmental Compliance and Enforcement Summit, during which participants agreed that while national and

[10] The country-led initiatives were held as follows: Interlaken, Switzerland (2004), Durban, South Africa (2008), Oaxaca, Mexico (2010), Lviv, Ukraine (2012) and Interlaken, Switzerland (2015).

international efforts have been developed to address the issue of illegal logging, coordinated international investigations and enforcement efforts remained weak.

77. In particular, INTERPOL set up a project regarding law enforcement assistance for forests (Project Leaf) aimed at raising awareness of the impact of illegal logging, developing law enforcement capacity, enhancing intelligence-sharing and establishing national environmental security task forces for further cooperation between national agencies and international partners. One of the greatest advantages of INTERPOL is its expertise in identifying financial crimes, including money-laundering, which is a useful means of tracking illegal logging flows.

78. One major development related to forest governance is the agreement on the REDD-plus safeguards. At the sixteenth session of the Conference of the Parties to the United Nations Framework Convention on Climate Change, held in Cancun, Mexico, in 2010, participants recognized the need for a set of REDD-plus safeguards that include ensuring that REDD-plus actions are consistent with national forest programmes and international conventions and agreements; that REDD-plus governance structures remain transparent and effective; and that the structures respect the knowledge and rights of indigenous and local communities (see FCCC/CP/2010/7/Add.1, decision 1/CP.16).

79. However, monitoring the implementation of REDD-plus safeguards remains a challenge. At the seventeenth session of the Conference of the Parties to the United Nations Framework Convention on Climate Change, held in Durban in 2011, an agreement was reached about creating a safeguards information system to ensure transparency, consistency, comprehensiveness and effectiveness, based on national reporting, every four years.[11]

80. Another important development related to forest governance is the agreement on the Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests in the Context of National Food Security. Guidelines were endorsed by the Committee on World Food Security on 11 May 2012 and aim to promote secure tenure rights and equitable access to land, fisheries and forests as a means of eradicating hunger and poverty, supporting sustainable development and enhancing the environment.[12]

81. In May 2014, the United Nations Office on Drugs and Crime launched its four-year Global Programme for Combating Wildlife and Forest Crime. The programme aims to deliver specific technical assistance for strengthening national capacity to tackle crimes against protected species of wild flora and fauna. An analytical toolkit has already been set up to this effect.

82. The World Bank also has a long-standing programme on forest law enforcement and governance, building on regional experiences in Asia, Africa, Europe and North Asia. One example is the "European Neighbourhood and Partnership Instrument East Countries Forest Law Enforcement and Governance II" programme, which promotes sustainable forest management in Armenia, Azerbaijan, Belarus, Georgia, the Republic of Moldova, the Russian Federation and Ukraine, building on the first project of its kind.

[11] For further information, see http://reddplussafeguards.com/?p=274.

[12] Available from www.fao.org/nr/tenure/voluntary-guidelines/en/.

83. The International Tropical Timber Organization has also set up activities to tackle international trade in illegal timber products, starting with its thematic programme on forest law enforcement, governance and trade, launched in 2009 to strengthen compliance with the law and governance among States members of the Organization. More recently still, the Organization signed an agreement with the European Union, in 2013, to implement a large project for assessing whether the implementation of the Action Plan for Forest Law Enforcement, Governance and Trade and of voluntary partnership agreements is having a positive impact on European timber markets.

84. The Convention on International Trade in Endangered Species of Wild Fauna and Flora, which entered into force in 1975, is the longest-standing international initiative relating to forest law enforcement and governance. There are 180 parties to the Convention as a result of which it has been particularly effective in controlling international trade in the forest species listed in appendix I to the Convention and in monitoring and controlling international trade in the hundreds of timber species listed in appendix II thereto. However, it does not cover illegal trade of non-endangered species.

C. Performance of forest law enforcement and governance

85. There is general consensus that the international trade in illegally harvested timber products has dropped substantially in the past decade. Modern technologies such as global positioning system devices and other tracking tools have vastly increased transparency in the movement of timber products. Timber recording and tracking is easiest at specific bottlenecks, notably at border crossings and seaports, which partly explains why the implementation of measures on international trade has been particularly effective in curbing the phenomenon. However, problems remain in some trade flows on which forest law enforcement and governance instruments have no impact, such as domestic and regional trade between developing countries.

86. Despite such progress, global coverage of forest law enforcement and governance measures remains unequal, with some countries and regions better equipped than others to combat illegal harvesting of and trade in forest products. In addition, while a number of measures have been implemented to address international trade in timber products, especially between southern and northern countries, domestic, regional and South-South trade has not always received adequate attention. Both the uneven coverage and the lack of regulation applicable to domestic, regional and South-South trade allow for the exploitation of loopholes and encourage leakage, both of which risk weakening global efforts to improve forest law enforcement and governance.

VI. Forest law enforcement and governance: the way forward

87. In the past 15 years, forest law enforcement and governance has often been at the forefront of forest policies. High-level political attention, a multi-pronged approach on the basis of a range of complementary instruments, including legislative reform and voluntary schemes and partnerships, and improved information and communications technologies have all contributed to this success in prioritizing forest law enforcement governance in such policies. Synergies and complementarities, supported by

collaboration between organizations and mutual recognition of their different mechanisms, have also reinforced the worldwide fight against illegal logging.

88. However, in the absence of a universal framework to promote forest law enforcement and governance, the piecemeal and ad hoc accumulation of different mechanisms at various levels has created a crowded and complex landscape of legislations, which differ from one region to the next. Navigating this complex landscape can be a major challenge and could constitute a risk for investment in the forest sector. Moreover, the plurality of legislations contributes to blurring the boundaries between legal and illegal practices, creating a grey zone that weakens the global fight against illegal logging.

89. In addition, while some regions are covered by effective mechanisms that have all but eradicated illegal timber harvesting and trade, others have been largely left out. Illicit practices that are sanctioned in certain regions might be tolerated in others, creating important gaps in the current forest law enforcement and governance landscape that could encourage the exploitation of loopholes and leakages, thereby limiting the effectiveness of the entire set of measures to promote forest law enforcement and governance.

90. In the light of the above-mentioned considerations, three major aspects of the current forest law enforcement and governance landscape need to be addressed. A global review of all forest law enforcement and governance measures would need to be carried out in order to better understand the forest law enforcement and governance landscape as a whole. This would help identify which gaps still remain so that they can be better addressed and the problem of potential leakage can be reduced.

91. In surveying the global forest law enforcement and governance landscape, which encompasses a multitude of different measures, best practices need to be identified at all levels so that they can be adapted to the geographical and thematic gaps where forest law enforcement and governance measures are currently insufficient or ineffective. This would enable the overall forest law enforcement and governance architecture to be both more coherent and effective.

92. The nexus between forest law enforcement and governance and forest finance needs to be better understood. Forest law enforcement and governance is an important building block of an enabling environment that encourages investment, particularly foreign direct investment, into the forest sector. However, the accumulation of laws and rules can increase transaction costs, to the extent that it might discourage investment. The aim is to identify the middle ground in which forest law enforcement and governance and forest finance are most supportive of each other.

93. The latest country-led initiative, held in Interlaken, Switzerland, in February 2015 also makes concrete recommendations on improving forest law enforcement and governance at the global level, including through providing a platform to share experiences and lessons learned on forest governance, to attract and engage the private sector and other major groups, to strengthen policies and regulations for improving enabling environments and attracting investment and to inform REDD-plus processes on broader forest governance issues and help operationalize safeguards in the framework of REDD-plus.

VII. Conclusions

94. The areas of finance and forest law enforcement and governance have arguably been the most rapidly evolving aspects of forest policies in recent years. Both are particularly dynamic domains where the ad hoc accumulation of initiatives has created crowded, complex landscapes with limited international coordination or coherence. Both areas would greatly benefit from enhanced coordination at the international level.

95. In the area of finance, the facilitative process of the Forum stands in a privileged position to contribute to enhanced coordination, if its scope and functions are appropriately expanded. However, if the facilitative process is to play a major role in the future of the international arrangement on forests to assist countries in catalysing financing for forests, there should be a substantial increase in the resources of the process to perform its expanded functions. In the same vein, the secretariat should be strengthened with sufficient human and budgetary resources to further pursue the operationalization of various functions of the facilitative process.

96. Likewise, there is no doubt that gaps in forest law enforcement and governance remain, and that existing and sometimes overlapping initiatives could be further harmonized, in order for the fight against illegally harvested forest products to be more effective.

97. A set of proposed key action points on both the means of implementation and forest law enforcement and governance, which reflects the points above, is contained in the report of the Secretary-General on reviewing the effectiveness of the international arrangement on forests and consideration of all future options, including in the conclusions and recommendations of that report.